



CITY OF NEW ORLEANS

**2016 Budget Proposal**

*October 15th, 2015*

# 2016 Budget Presentation

- **Background**

- **2015 Revenue Growth**

- **2016 Budget Proposal**

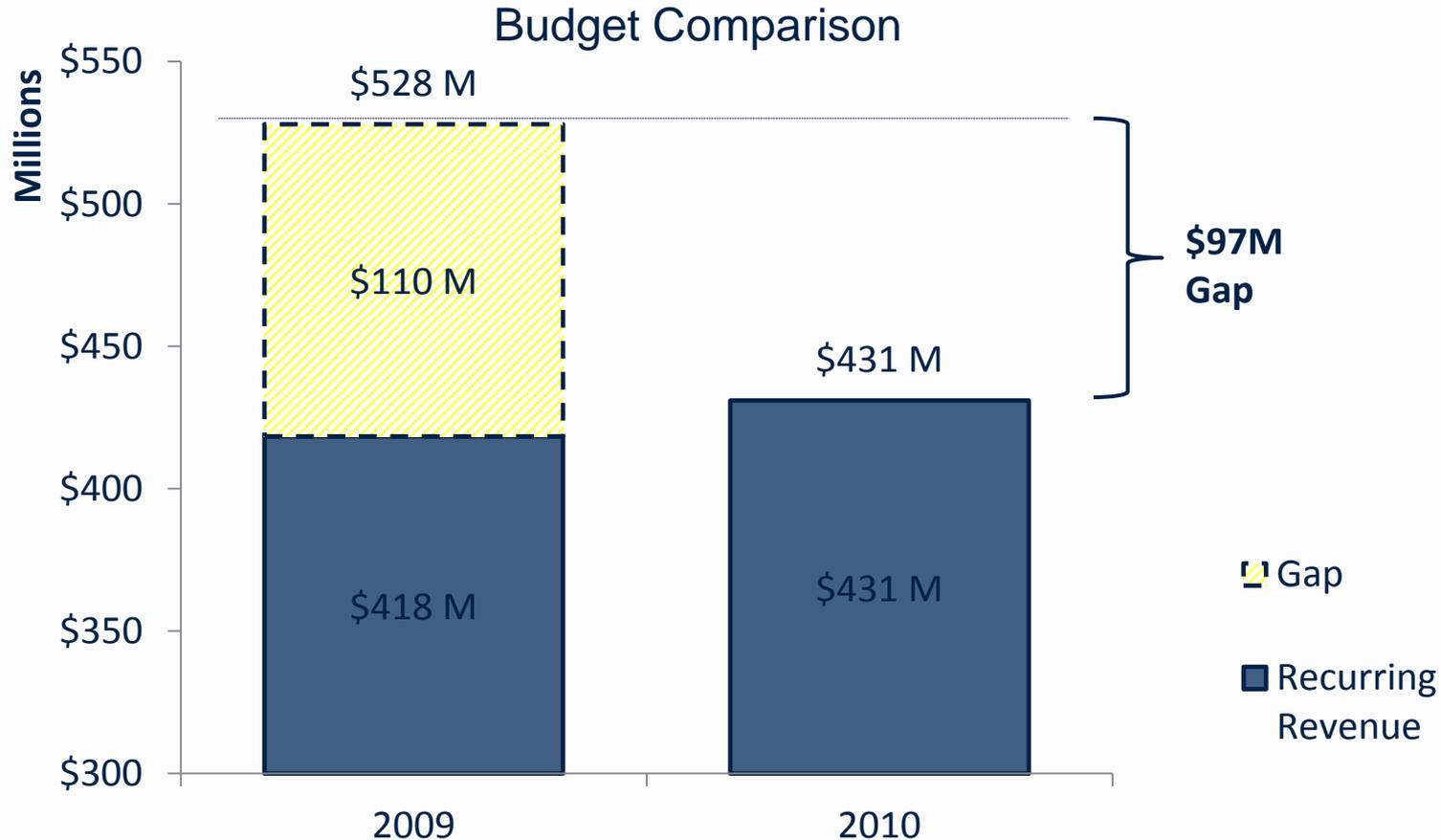


# Big Picture

- Inherited a mess in 2010, turned ship around by eliminating structural deficit and managing budget closely, and now headed in right direction
- Revenue is growing substantially due to retail boom, growth in tourism, and increased property values
- Now able to better invest in citizen priorities— crime reduction, job creation, streets & streetlights, recreation, and blight/affordable housing
- Looming liabilities remain- firefighters pension fund & OPSO consent decree eating up revenue growth



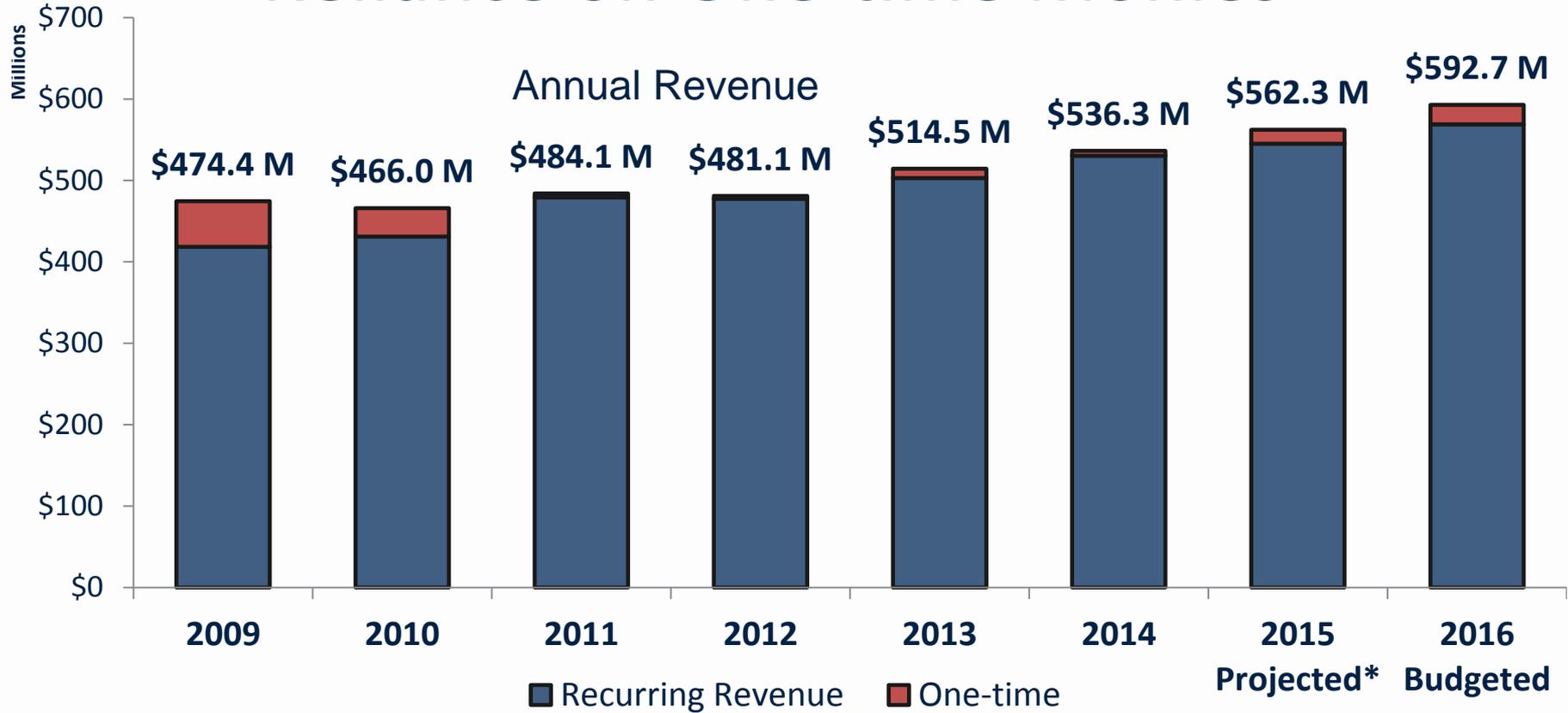
# The Landrieu Administration Addressed an Inherited \$97M Spending Gap



*Note: One-time revenue sources not included in chart*



# The Administration Reduced the City's Reliance on One-time Monies

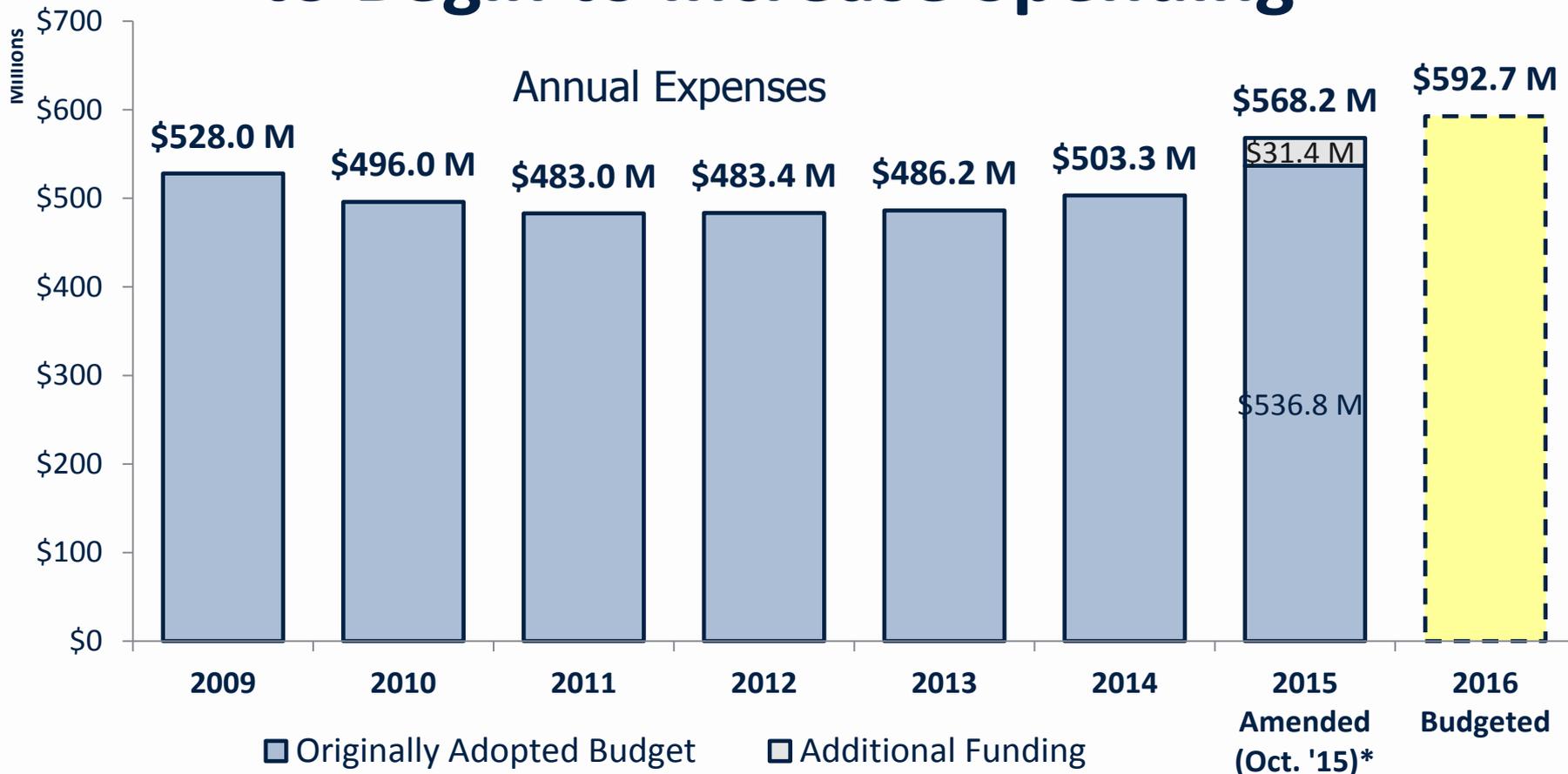


\*City also received \$36M from BP in 2015 but did not appropriate those funds

Year	2009	2010	2011	2012	2013	2014	2015	2016
One-time money as % of overall budget	11.8%	7.5%	1.0%	0.7%	2.2%	1.1%	3.0%	4.0%



# Years of Substantial Cuts have Allowed City to Begin to Increase Spending

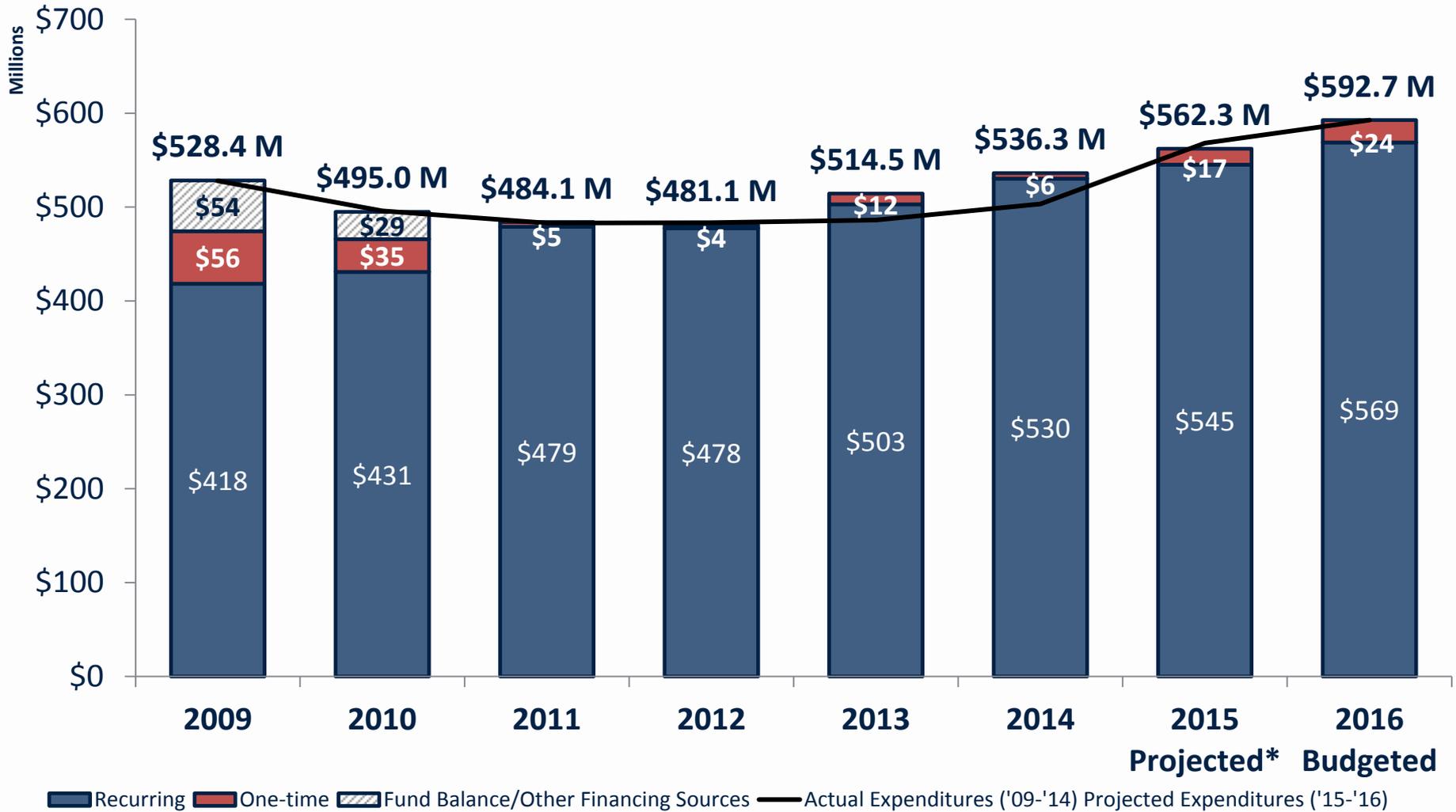


\*The 2015 budget was amended to appropriate \$31M in excess revenue growth due largely to court orders

Delta to previous year	2010	2011	2012	2013	2014	2015	2016
	+\$28.0 M	-\$32.0 M	-\$13.0 M	+\$0.4 M	+\$2.8 M	+\$17.1 M	+\$24.5 M



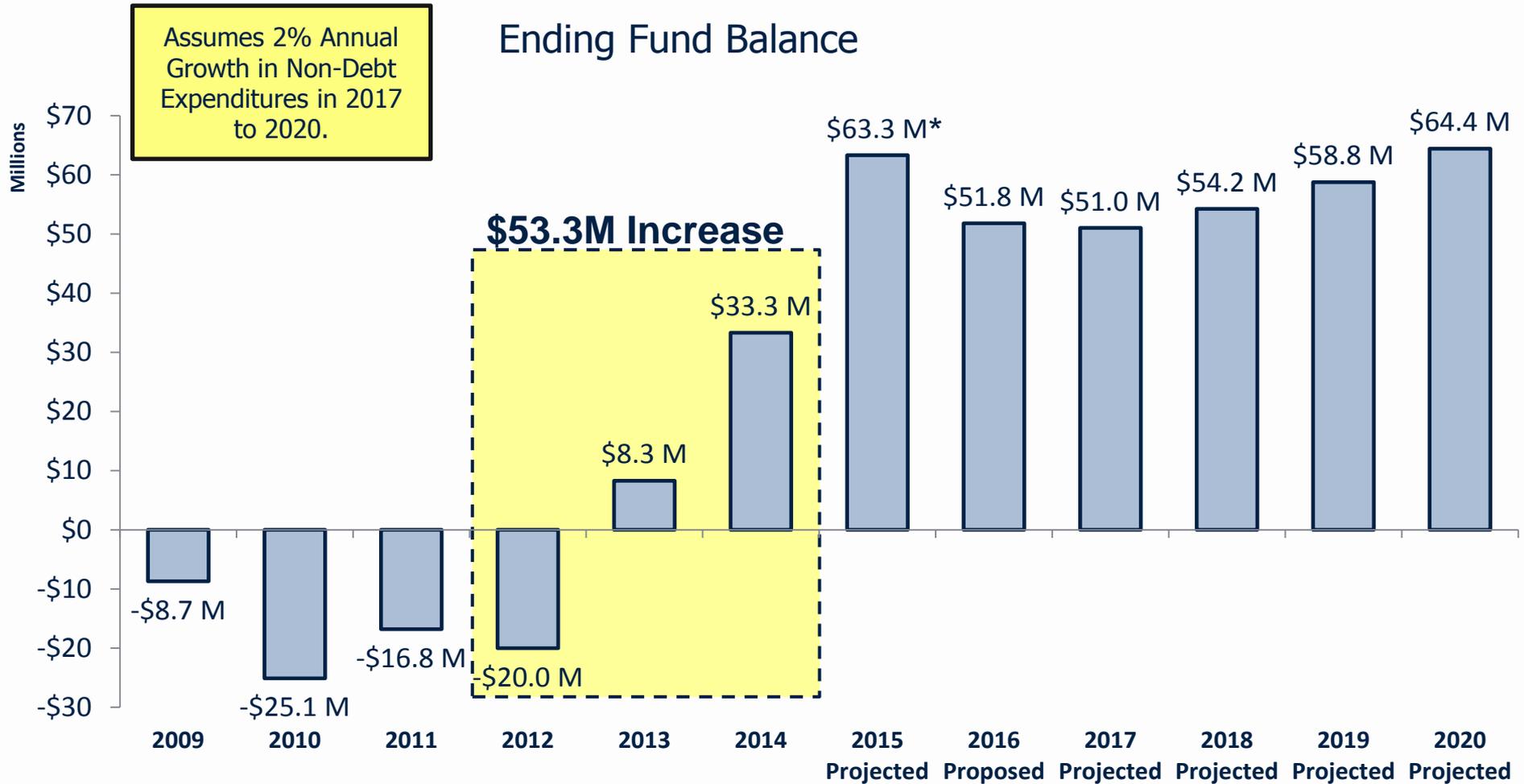
# We Continue to Live Within our Means



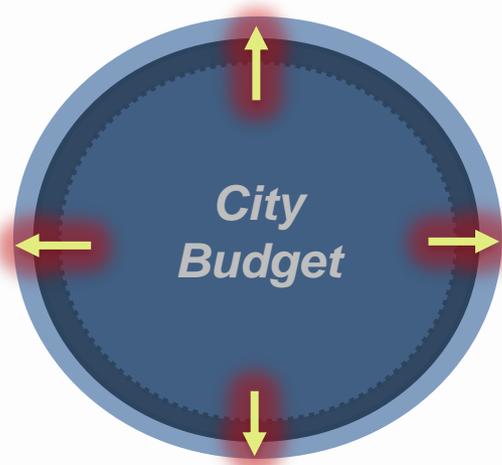
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# City Eliminated the Fund Deficit in 2013 and Continues to Develop a Strong Reserve



# 2016 Presents New Budgetary Challenges Requiring Additional Funding



- 2015 Adopted: \$536M  
*Plus \$19M (Sheriff), \$5M (DPW) and \$5M (Fire Pension)*
- 2015 Amended: \$568M
- 2016 Proposed: \$593M

Despite additional revenues created in 2015, demands on the City's funds are constraining our ability to fully fund everything we need.

## **OBLIGATIONS**

- Sheriff: Consent Decree requirements nearly double budget despite significantly fewer prisoners
- Police: Increased funding to continue to grow NOPD and slow attrition, more money to fulfill consent decree, and new crime-fighting resources
- Fire: Pension & longevity lawsuits significantly increase budget
- Courts: Move from using fund balances to fully fund out of general fund
- Vehicle leases: Must pay for vehicles and equipment to replace outdated fleet
- CDBG Grant: With Disaster CDBG winding down, must shift recurring expenses to general fund
- Operational costs of new NORDC Facilities: New facilities require additional staffing, operating and maintenance costs
- Judgments

## **ADDITIONAL NEEDS**

- DA & Public Defender: Increase local funding due to State not fulfilling obligations
- Street Maintenance & Streetlights
- Enhanced Sanitation and Parks & Parkways
- Affordable Housing
- New Orleans East Hospital: One-time operating revenue until State accepts Medicaid and Hospital has opportunity to grow patient share



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- **Background**

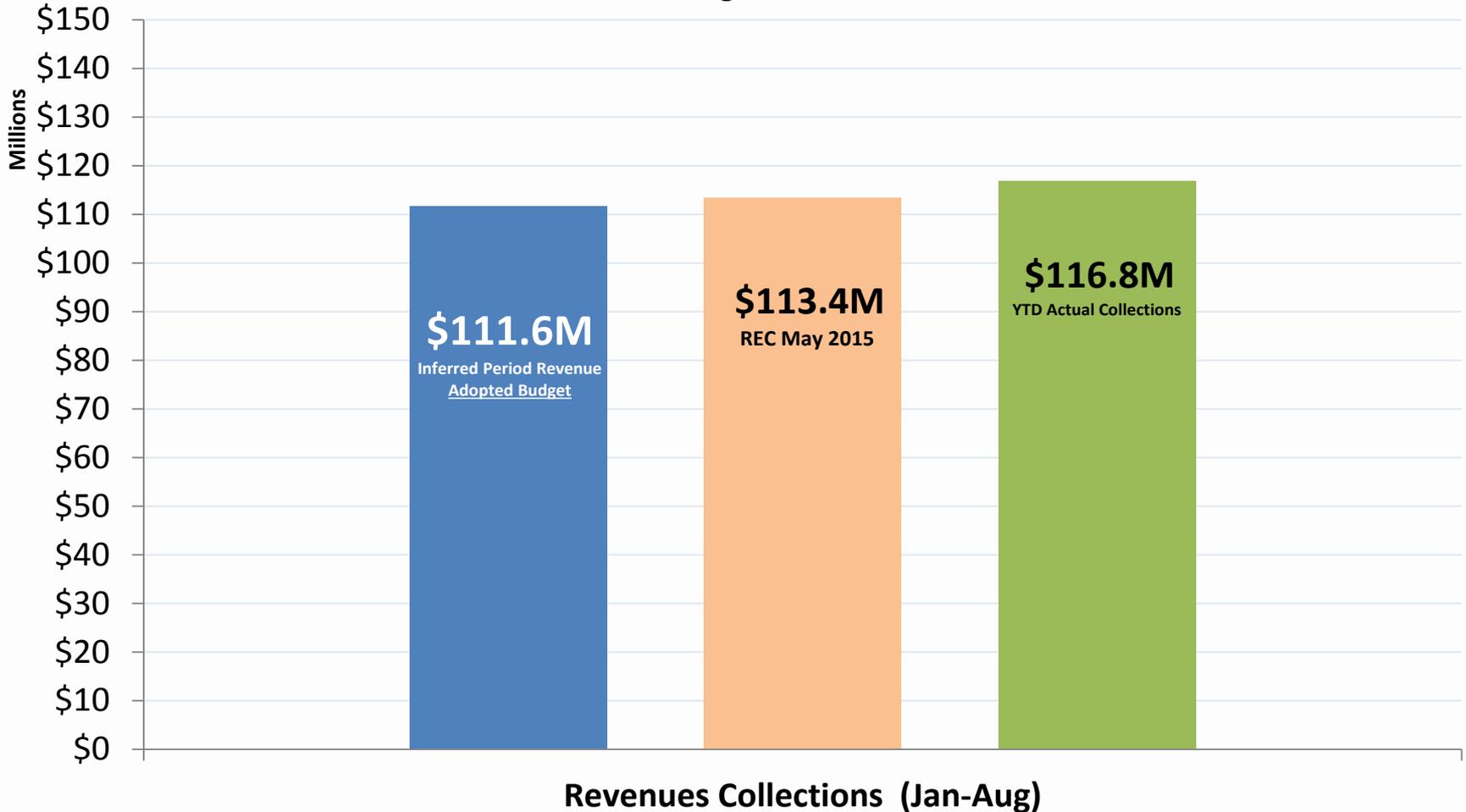
- **2015 Revenue Growth**

- **2016 Budget Proposal**

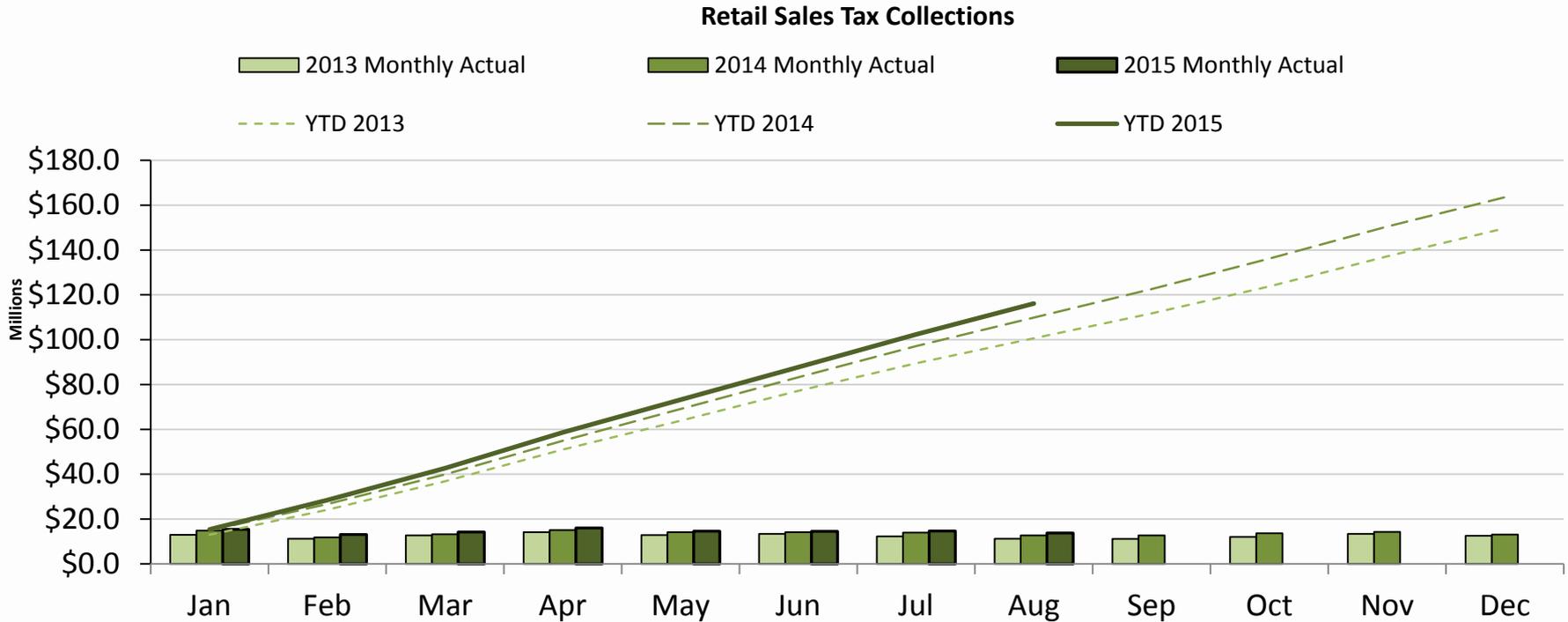


# 2015 Property Tax Collections Above Forecast

Revenues : Property Tax Revenues  
August



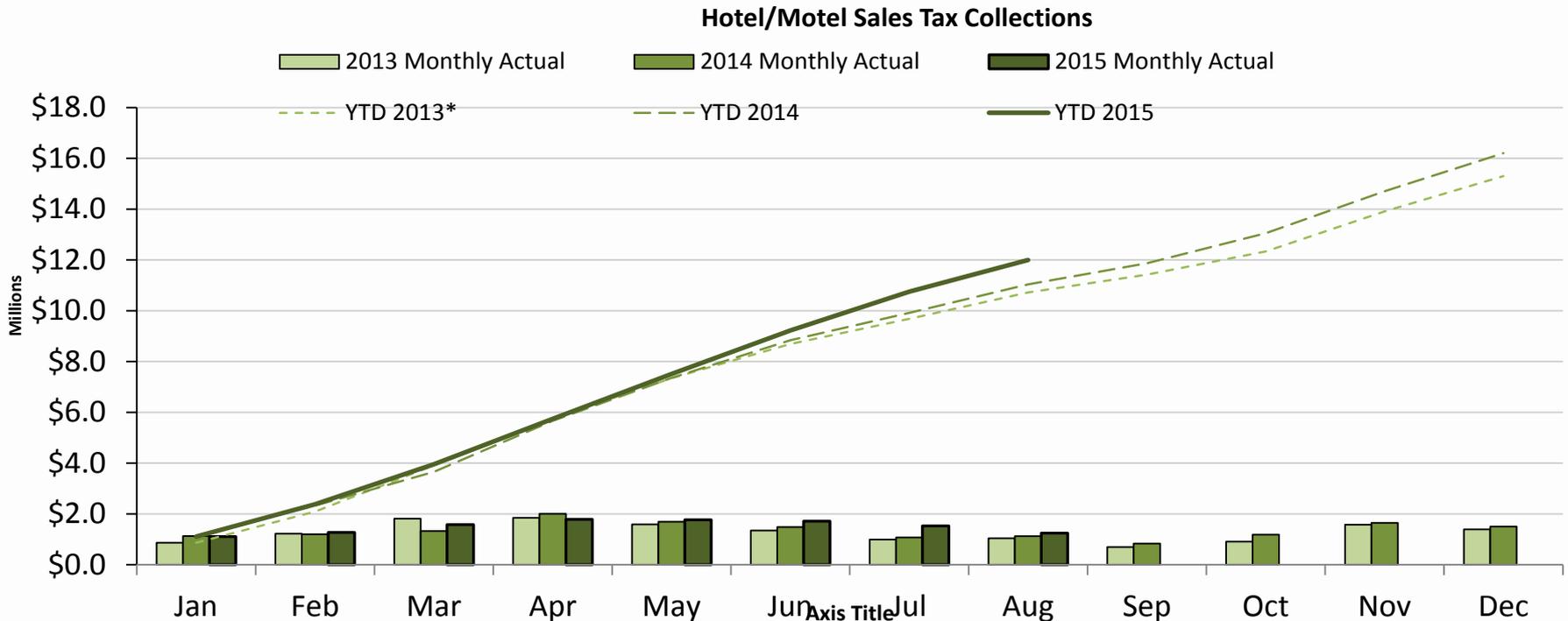
# Retail Sales Tax Collections Again Higher than 2014 Levels



Year	2013		2014		2015	
	<i>Percent Change from Prior Year</i>		<i>Percent Change from Prior Year</i>		<i>Percent Change from Prior Year</i>	
<b>Aug. Collections (Million \$s)</b>	\$11.19	6.3%	\$12.71	13.6%	\$13.75	8.2%
<b>YTD Collections (Million \$s)</b>	\$100.64	7.8%	\$109.86	9.2%	\$116.11	5.7%



# Hotel/Motel Sales Tax Collections Above 2014 Levels

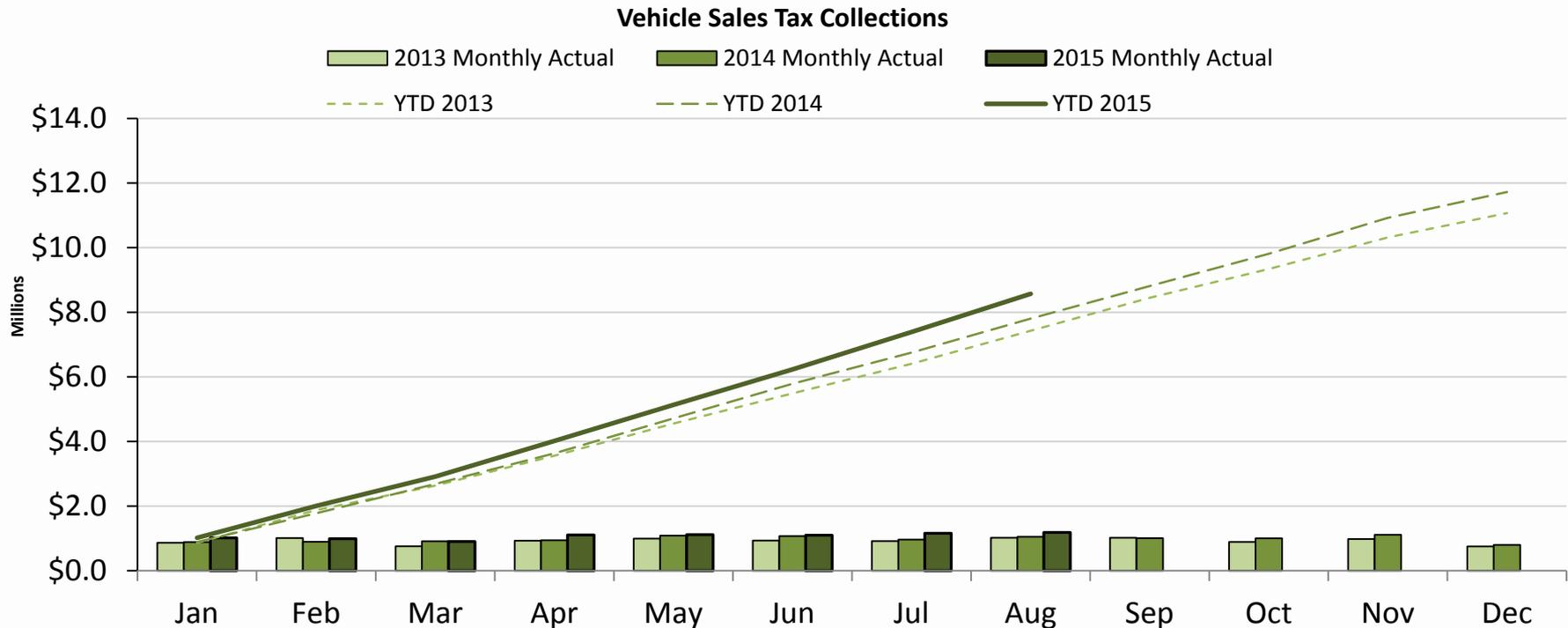


Year	2013 <i>Percent Change from Prior Year</i>		2014 <i>Percent Change from Prior Year</i>		2015 <i>Percent Change from Prior Year</i>	
<b>Aug. Collections (Million \$s)</b>	\$1.04	-3.9%	\$1.12	7.9%	\$1.24	10.8%
<b>YTD Collections (Million \$s)</b>	\$10.72	4.5%	\$11.04	2.9%	\$12.00	8.7%

\*2013 #s include overpayment that has been refunded



# Vehicle Sales Tax Collection Above 2014 Levels

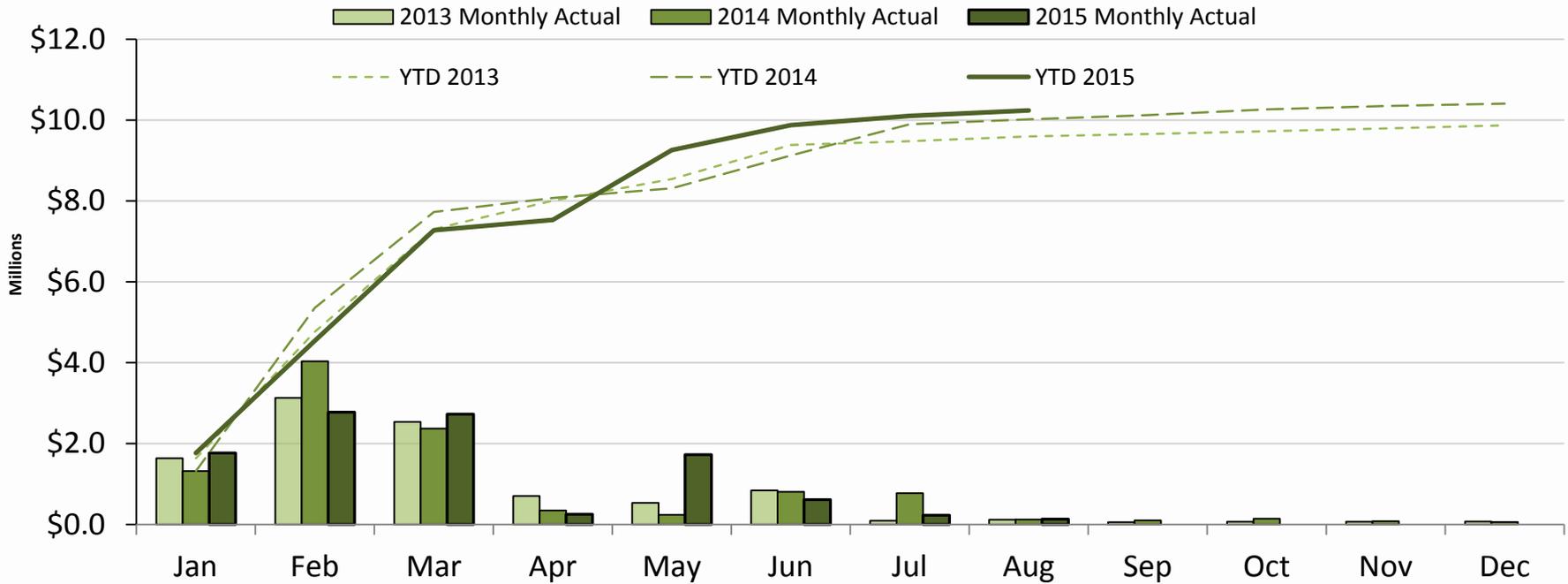


Year	2013 <i>Percent Change from Prior Year</i>		2014 <i>Percent Change from Prior Year</i>		2015 <i>Percent Change from Prior Year</i>	
<b>Aug. Collections (Million \$s)</b>	\$1.02	23.5%	\$1.05	3.0%	\$1.18	12.6%
<b>YTD Collections (Million \$s)</b>	\$7.43	17.1%	\$7.80	5.0%	\$8.57	9.9%



# Occupational License Sales Taxes Above 2014 Levels

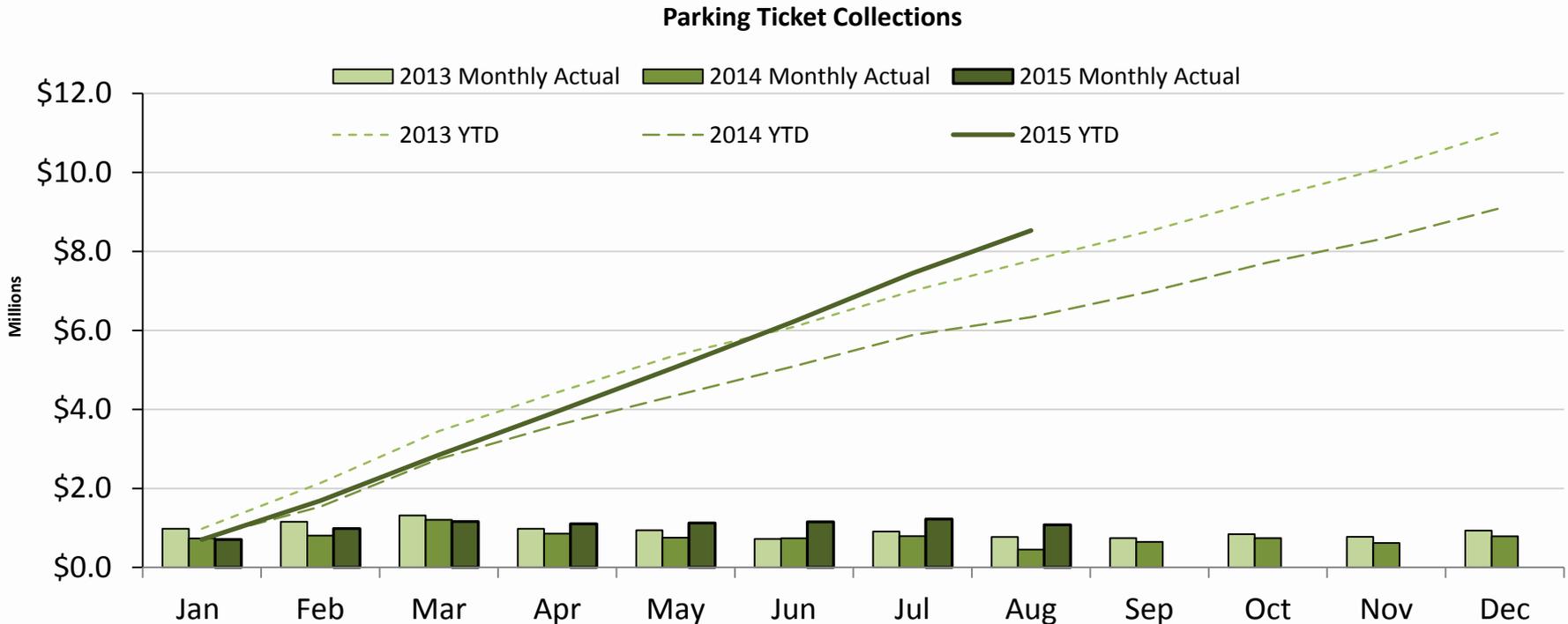
Occupational License Sales Tax Collections



Year	2013 <i>Percent Change from Prior Year</i>		2014 <i>Percent Change from Prior Year</i>		2015 <i>Percent Change from Prior Year</i>	
<b>Aug. Collections (Million \$s)</b>	\$0.12	35.3%	\$0.12	4.8%	\$0.13	7.1%
<b>YTD Collections (Million \$s)</b>	\$9.60	3.9%	\$10.02	4.4%	\$10.24	2.2%



# Parking Collections Above 2014 Levels



Year	2013 <i>Percent Change from Prior Year</i>		2014 <i>Percent Change from Prior Year</i>		2015 <i>Percent Change from Prior Year</i>	
<b>Aug. Collections (Million \$s)</b>	\$0.91	4.7%	\$0.79	-13.0%	\$1.14	44.0%
<b>YTD Collections (Million \$s)</b>	\$7.00	-15.0%	\$5.88	-15.9%	\$7.35	24.9%



# 2016 Budget Presentation

- Background
- 2015 Revenue Growth
- 2016 Budget Proposal



# Proposed General Fund Budget Detail

Department	2015 Original Adopted	2016 Proposed Budget	% Change 2015 Adopted vs. 2016 Proposed
City Council	10,068,766	10,234,610	2%
Mayor	11,066,007	11,483,162	4%
Mayor - Network for Economic Opportunity*	0	707,350	-
CAO	32,356,198	32,483,136	0%
CAO IT	13,054,278	12,824,578	-2%
Law	5,946,682	6,076,059	2%
Law - Judgments	0	10,000,000	-
Fire	96,353,884	100,713,732	5%
Safety & Permits**	4,874,704	5,624,553	15%
Police	129,600,368	140,222,752	8%
Sanitation	40,716,741	41,545,329	2%
Health	1,909,292	1,909,292	0%
EMS	12,862,723	13,841,547	8%
Human Services	2,729,078	2,767,396	1%

\* Moved from Miscellaneous for 2016 to bring program in-house after contract cancelled

\*\* Increase due to D-CDBG grant ending



# Proposed General Fund Budget Detail

Department	2015 Original Adopted	2016 Proposed Budget	% Change 2015 Adopted vs. 2016 Proposed
Finance	12,420,064	14,163,800	14%
Finance State Pass-Through	2,007,719	2,200,000	10%
Finance - Debt Service	24,279,987	24,363,834	0%
Property Management	7,055,173	7,292,351	3%
Civil Service	1,864,409	2,172,353	17%
Public Works	23,274,571	26,599,363	14%
Parks and Parkways	7,397,872	8,403,613	14%
HDLC	884,755	884,755	0%
VCC	413,231	420,131	2%
Alcoholic Beverage Control Board	1,500	1,500	0%
City Planning Commission**	1,527,327	1,996,348	31%
Mosquito and Termite Control	2,078,507	2,078,507	0%
NOMA	128,931	128,931	0%
Misc - NORD	10,868,623	12,168,660	12%
Miscellaneous	26,953,138	25,319,053	-6%

\*\* Increase due to D-CDBG grant ending



# Proposed General Fund Budget Detail

Department	2015 Original Adopted	2016 Proposed Budget	% Change 2015 Adopted vs. 2016 Proposed
OIG	4,453,854	4,774,506	7%
District Attorney	6,476,671	6,665,601	3%
Coroner's Office	2,176,605	2,241,605	3%
Juvenile Court***	2,470,534	2,644,642	7%
First City Court	6,000	6,000	0%
Civil Court	14,400	14,400	0%
Municipal Court***	2,830,000	3,404,151	20%
Traffic Court****	441,275	3,251,897	637%
Criminal District Court ***	2,026,597	2,621,180	29%
Sheriff*****	28,584,338	44,028,185	54%
Clerk of Criminal District Court	3,726,330	3,726,330	0%
Registrar of Voters	371,945	371,945	0%
Judicial Retirement Fund	301,500	354,000	17%
<b>TOTALS</b>	<b>536,574,577</b>	<b>592,731,137</b>	<b>10%</b>

\*\*\* Increase due to replacing court fund balances with General Fund

\*\*\*\* Traffic Court's JEF revenues will be transferred to the City in 2016 and the City will provide full funding to the Traffic Court.

Previously, Traffic Court covered some of its expenses itself using funding from its JEF.

\*\*\*\*\* Does not include \$8.5M for operating funds from Law Enforcement District



# RESULT AREA: PUBLIC SAFETY

- Major new investments in NOPD
  - 15% pay raise
  - Aggressive overtime to flex size of department
  - 150 recruits for overall strength of 1,266 officers
  - New License Plate Readers to help improve investigations - \$800K from Capital Budget
  - New Police Training Academy
  - 50 new police cars
- Steady investments in NOLA FOR LIFE murder reduction strategy
- New investments for District Attorney (\$189k) & Public Defender (\$150k) to make up for State cuts
- NOFD hiring & pension increases
  - Capital budget allocation of \$5M plus \$400K for leases will fund approximately 11 fire trucks
- Move from using court reserve funds to fully funding out of General Fund



# Major New Investments in NOPD



- 15% pay raise fully implemented January 1
- 150 recruits for overall strength of 1,266 officers
- Aggressive overtime to flex size of department
- New License Plate Readers to help improve investigations - \$800K from Capital Budget
- New Police Training Academy
- 50 new police cars



# \$300k Increase in GF Funding for NOPD Consent Decree

Consent Decree	2016
	General Fund
NOPD/ITI Personnel	\$1,378,539
NOPD Recruitment	\$500,000
Early Warning System (Maintenance)	\$1,500,000
Early Warning System technical support, compliance & audit, and application management	\$1,400,000
Lexipol Policy Development	\$50,000
On-Body Cameras	\$431,454
Electronic Control Weapons	\$49,229
Training Supplies	\$20,000
Police Monitor	\$2,125,000
Citizen Satisfaction Survey	\$100,000
<b>Total</b>	<b>\$7,554,222</b>



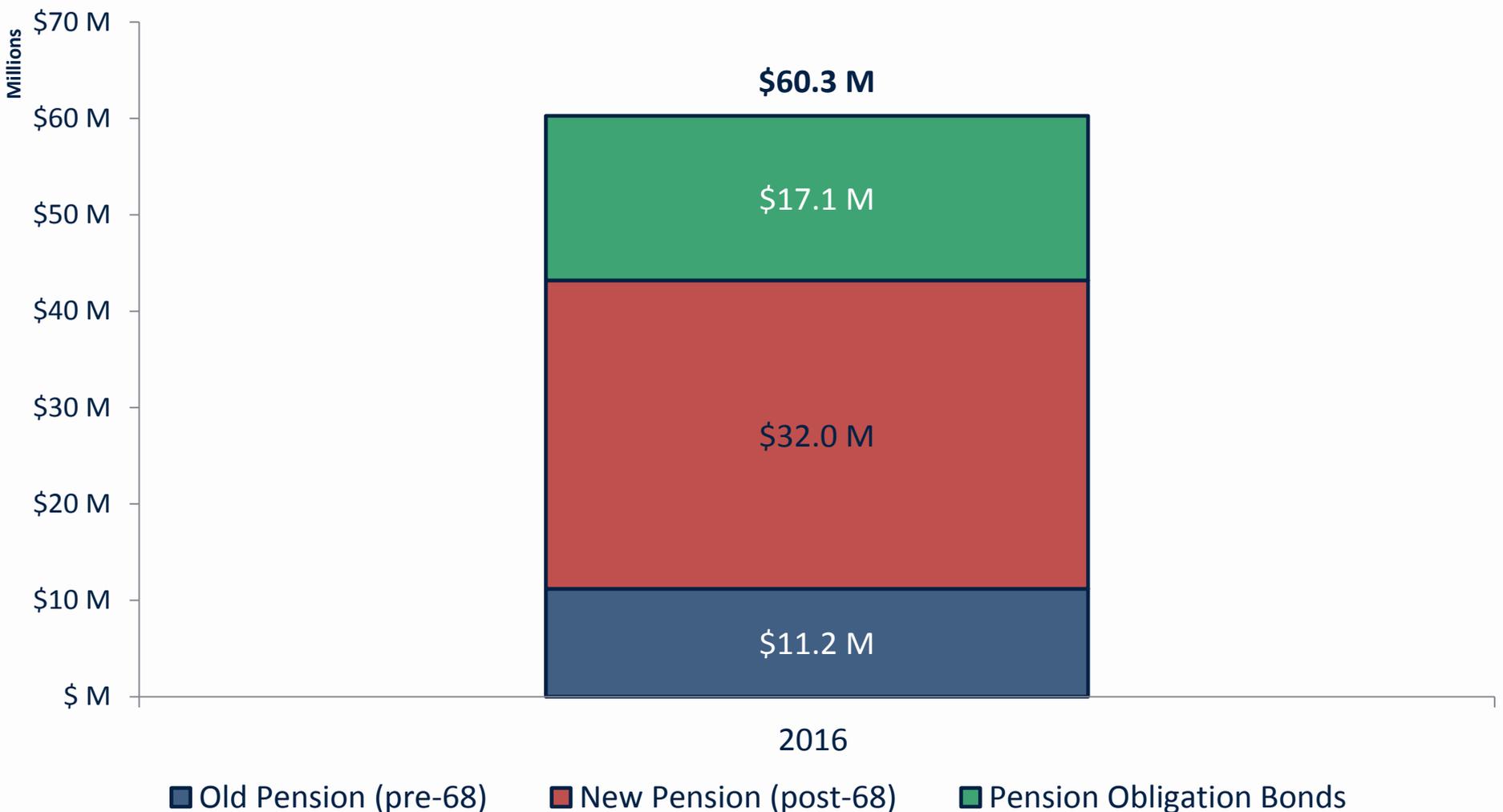
# Additional Funding for NOFD Will Provide New Fire Engines & Recruits



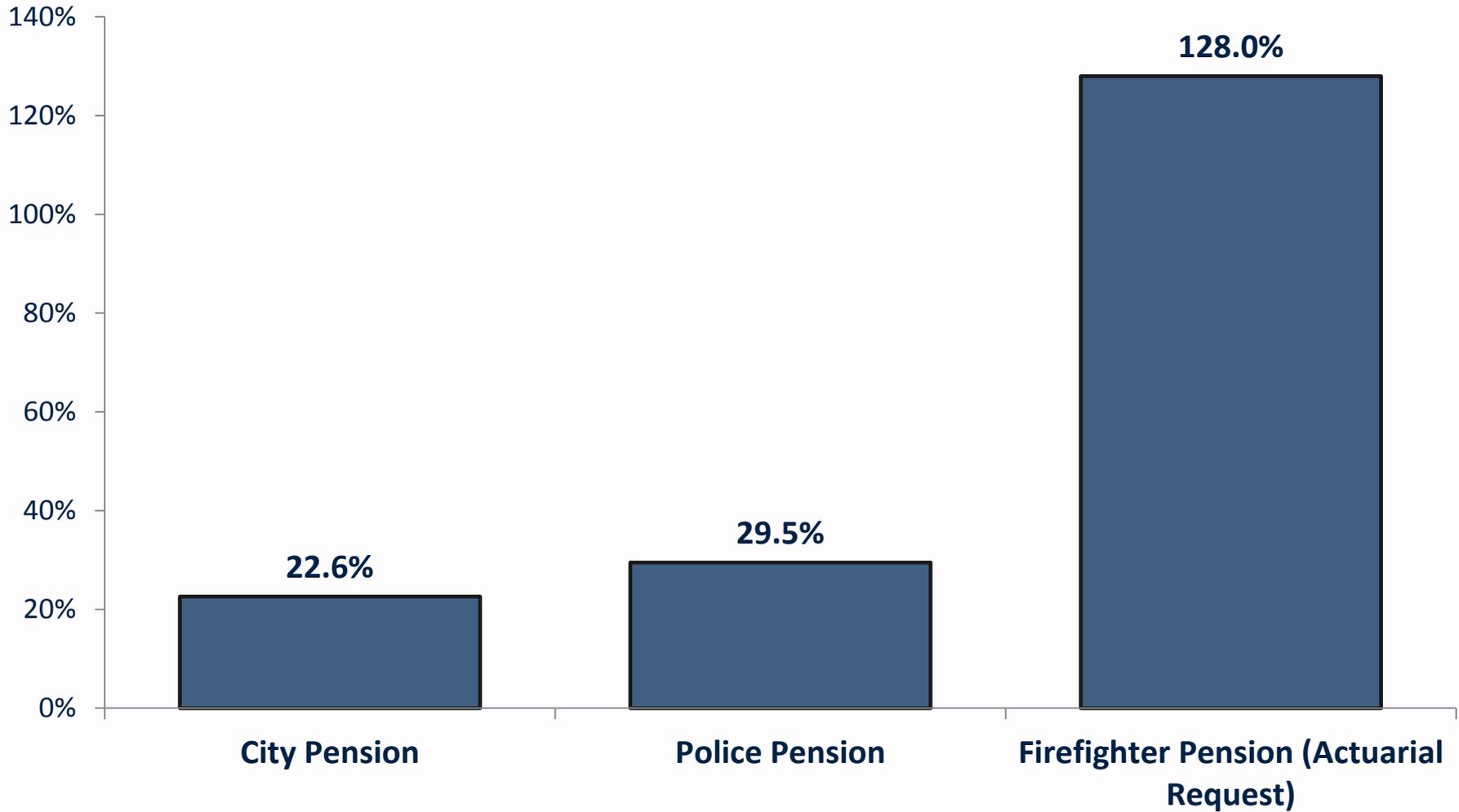
- Capital budget allocation of \$5M plus \$400k for leases will buy approximately 11 fire trucks
- The NOFD is funded to add around 40-50 recruits in 2016



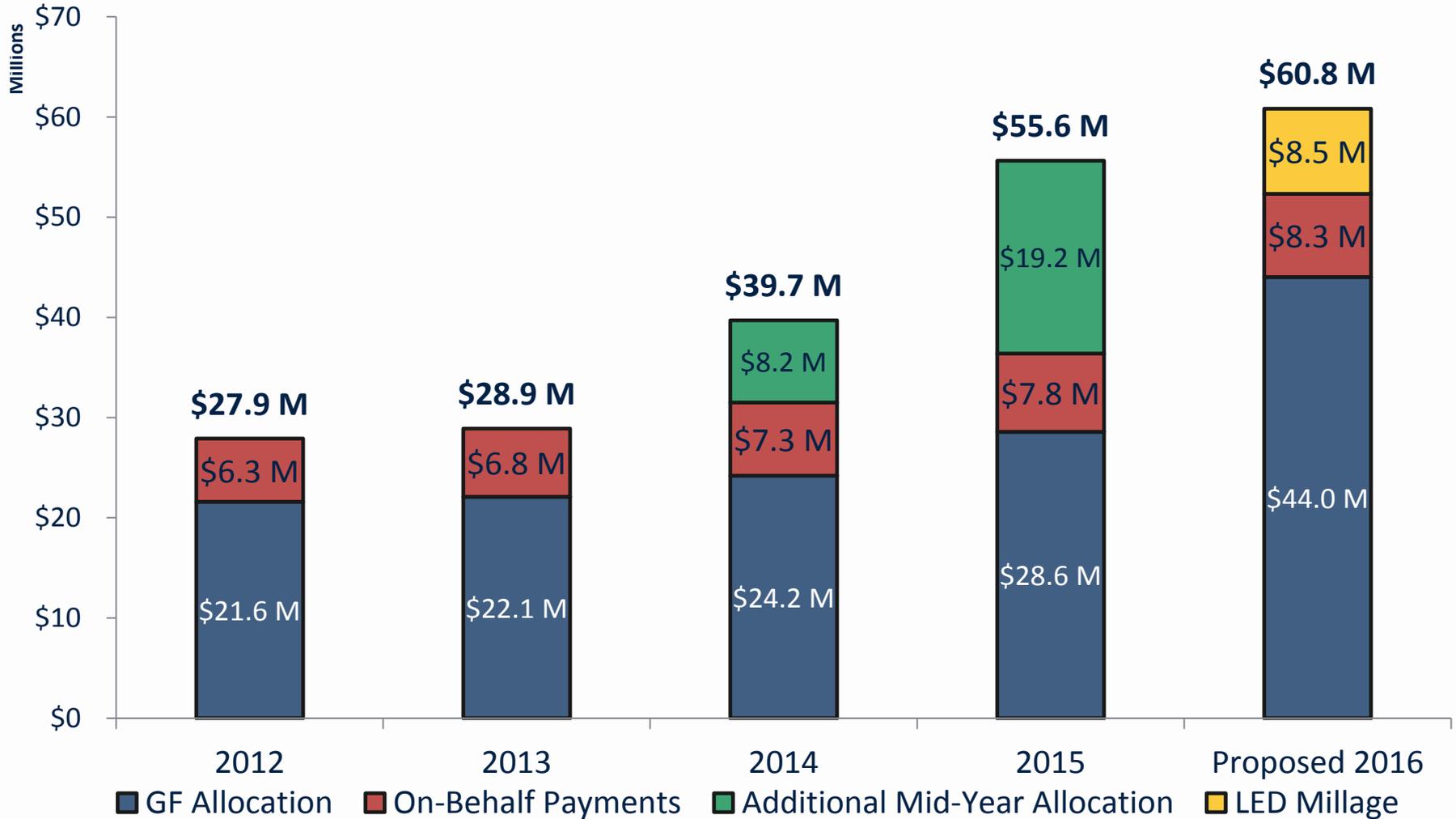
# NOFD Pension Funding



# 2016 Employer Pension Contribution Rates (as % of Salary)



# The City Proposes a \$60.8 Million Funding for OPSO in 2016



# The City Proposes Spending \$114 per Inmate per Day

The City assumes an average daily local inmate population of 1,454  
– which is slightly higher than current population

**\$60.8 million / 1,454 inmates / 365 days =  
\$114 per inmate per day**



# The City has a Plan to Significantly Improve Facilities without Construction of Phase III

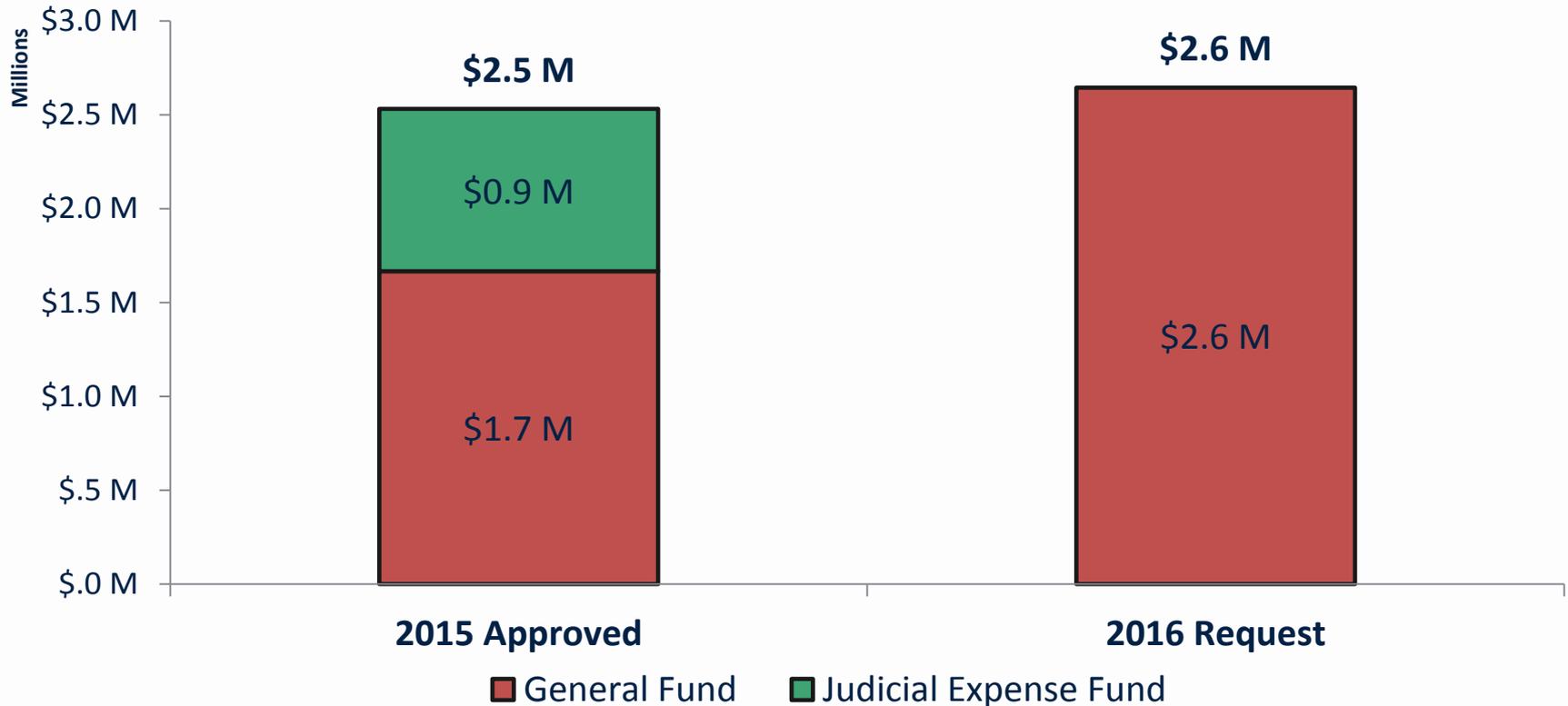
- The City has offered to utilize FEMA funds to pay for several jail projects that do more to improve the jail system overall than building a new Phase III facility

PROJECT	COST
Retrofit of the Phase II facility to house acute mentally ill pre-trial detainees on the 4th floor	\$7 M
Demolition of the House of Detention and CCC	\$11 M
Renovation of the Docks	\$3.7 M
Additional youth detention facility to be operated by the City	\$7 M
Relocation of laundry and ITI center	\$2.5 M
Completion of Law Enforcement District projects with FEMA funds	\$25 M
<b>TOTAL (estimated)</b>	<b>\$56.2 M</b>

- Using FEMA funds to complete Law Enforcement District projects allows OPSO to use the full **\$8.5 million** of millage previously limited to capital projects for annual operations



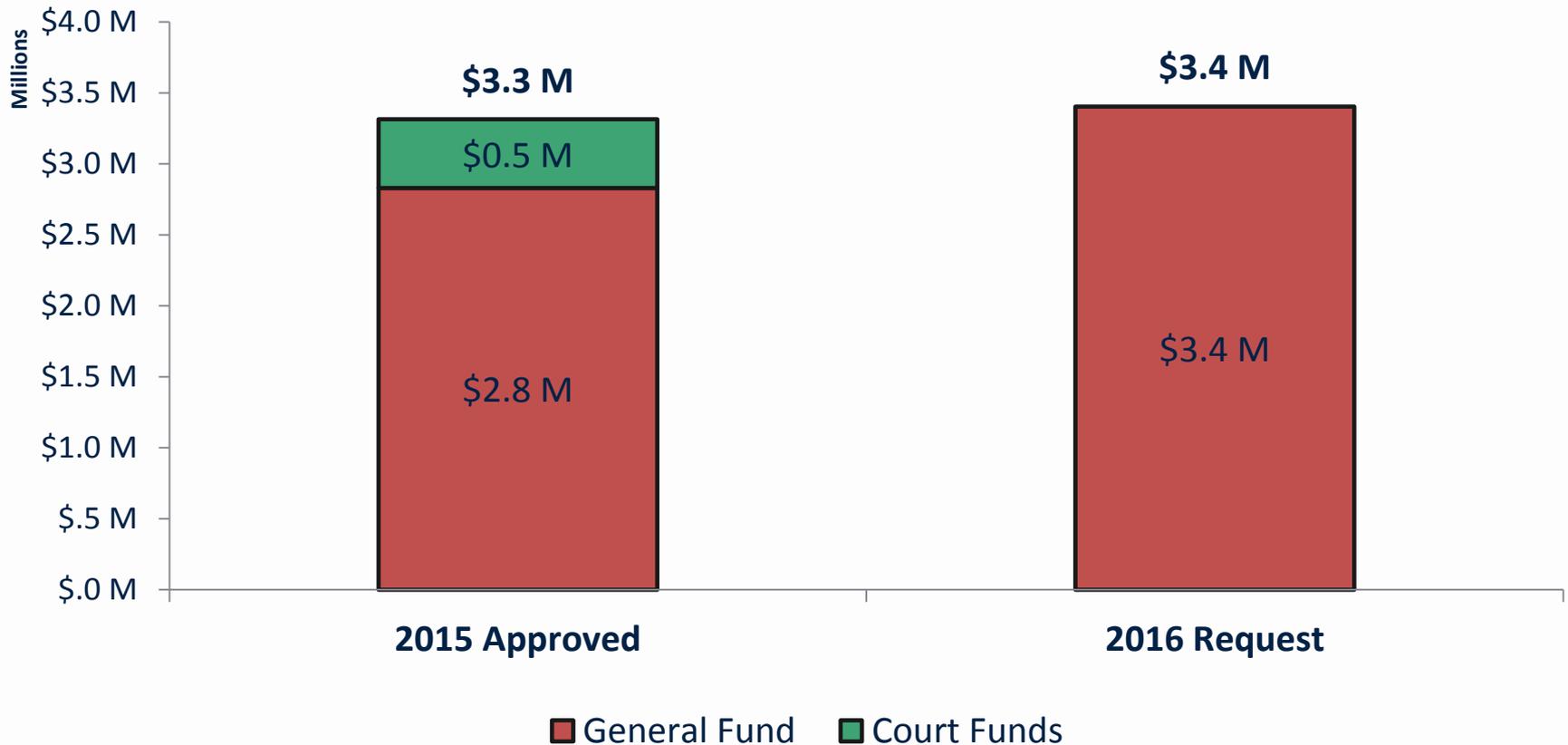
# Juvenile Court Needs Funding to Replace Reserves



- Juvenile Court has used its Judicial Expense Fund (JEF) to support payroll costs for the past three years
- JEF will be exhausted at the end of 2015 – General Funds are needed to replace this funding source



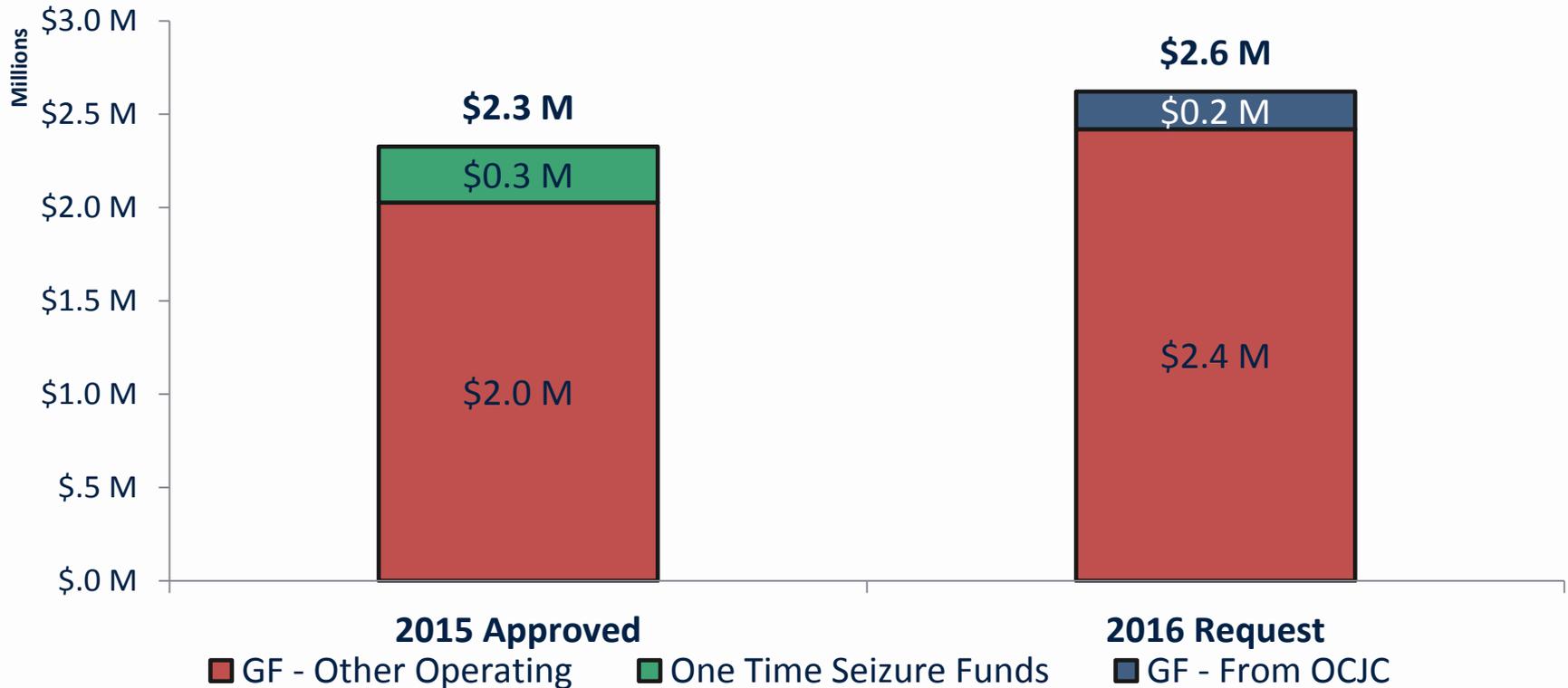
# Municipal Court Needs Funding to Replace Reserves



- Municipal Court Reserve Funds are exhausted at the end of 2015 – General Funds are needed to replace this funding source



# Criminal District Court Needs Funding to Replace Reserves



- Criminal District Court received \$300K in one-time seizure funding in 2015 – General Funds are needed to replace this funding source for 2016
- Office of Criminal Justice Coordination also recommended funding the expansion of aiSmartBench in 2016 as part of the City’s jail population reduction strategy



# RESULT AREA: ECONOMIC DEVELOPMENT

- \$1.5 million for NOLA Business Alliance to continue retail & biosciences growth
- New \$500k one-time funding for Disparity Study
- New funding for DBE and Living Wage law enforcement
- More than \$700k for Network for Economic Opportunity to create pathways to prosperity for disadvantaged job seekers and small businesses



# RESULT AREA: CHILDREN & FAMILIES

- Increase City funding to NORDC by \$1.3 million, bringing total to \$14 million including NORDC Foundation funds, nearly triple \$5 million budget in 2010
- Health Department funded primarily by grants but expands focus on access to care, domestic violence and public health, wellness, and education
- Funding for Council on Aging to support new Carrollton Hollygrove Senior Center
- One-time operating funding for New Orleans East Hospital



# Adding \$1.3M to Staff & Maintain New NORDC Facilities

Sanchez Center



Stallings St. Claude Center



Rosenwald Gymnasium



# Operating Capital for New Orleans East Hospital

- \$4M to support hospital operations as it continues to build volume and establish patient base
- Will provide needed resources for physician recruitment, new services, and hospital marketing



# RESULT AREA: SUSTAINABLE & RESILIENT COMMUNITIES

- More money for pothole and street repairs
- One-time funding for streetlight repairs
- NOLA FOR LIFE Lot maintenance program to cut 4800 lots
- Placed 472 tax adjudicated properties back into commerce
- Increased funding for cleaning, sanitation and maintenance of public parks such as the new Lafitte Greenway
- Increased funding to fight blight and address affordable housing



# Funding for More Street Maintenance

- Currently, DPW crews visit each Council District one day per week
- New funding places a crew in each Council District every day of the week
- Clean at least 5,000 catch basins, fill 70,000 potholes, perform alleyway maintenance, and ditch maintenance



# Resources for Streetlight Repairs

- Current funding of approximately \$3M will maintain a streetlight operational rate of 90-95%
- Allows for pickup of all anticipated knocked down streetlight poles and basic maintenance
- Fund 2 full-time employees to manage program



# Commitments for Vehicle Lease Payments

Trash Trailers (Sanitation)



Dump Truck (Public Works)



Welding Truck (Property Maintenance)



Telehandlers (Sanitation)



# Enhanced Cleaning Services Above 2015 Budget

- Parks & Parkways
  - Funding to hire and equip a new Grounds Maintenance crew
  - Small increase for tree trimming/additional mowing
- Sanitation
  - Pay for increased Interstate Highway sweeping of ramps and roadways in Orleans Parish
  - Funding to hire and equip an additional crew to manually remove litter
  - Pay for additional contractual laborers to expand litter removal on public rights of ways



# Affordable Housing Initiatives

- Funding sources: HOME, CDBG, NHIF, ESG, S+C resources, and HOPWA
- Programs total nearly \$17.3M in investments in affordable housing, an increase of \$6M in CDBG and NHIF funds dedicated to the development and preservation of affordable housing
  - Supporting low income renters
  - Existing homeowners
  - New homeowners
  - Homeless – including support for low barrier shelter
  - Elderly
  - Persons with disabilities
  - Persons living with HIV/AIDS



# RESULT AREA: OPEN, EFFECTIVE & INNOVATIVE GOVERNMENT

- Continue to fund Office of Performance & Accountability to run STAT and ResultsNOLA programs
- Fully fund NOLA 311 and One Stop Shop, which has improved customer service and reduced permit wait times
- Move Disaster CDBG funded positions to General Fund for Safety & Permits and City Planning Commission



# Replace D-CDBG Grant Funding

- Grant funding from D- CDBG has been expended and the City must replace this from the General Fund
  - Safety & Permits:
    - D-CDBG funding from 2013 to 2015 totaled \$1.3M
    - General Fund need 2016: \$748,646
  - City Planning:
    - D-CDBG funding from 2008 to 2015 was \$1.2M
    - General Fund need 2016: \$469,021



# City's Outstanding Judgments

- General judgments total \$35.5M
- Fire fighter judgments far exceed that amount
- Budget includes \$10M of resources to address outstanding judgments



# Increased Funding for District Attorney & Public Defender

- Increased pressure for local funding due to state not fulfilling obligations
- \$189K for District Attorney
- \$150K for Public Defender



# Non-Recurring Revenues in 2016

- 2015 mid-year amended budget included \$12.1M in non-recurring funds
- 2016 budget includes \$23.8M in non-recurring funds
  - \$10M General Fund fund balance to address judgments
  - \$4.65M proceeds from adjudicated auctions held in 2015
  - \$2.9M Convention Center partnership revenues
  - \$2.65M French Market
  - \$3.6M Upper Payment Limit (Medicaid)
- Urban Development Action Grants:
  - \$4M to New Orleans East Hospital
  - \$5M to DPW to address streetlights and street maintenance
  - \$1.3M for lot maintenance



# Parking Proposal

- Currently the City charges \$1.50 per hour system-wide, operating from 8:00am to 6:00pm
- Propose increasing the rate in the French Quarter/downtown area to \$3.00 per hour and \$2.00 per hour everywhere else
- Additionally we propose to extend operation hours from 6:00pm to 10:00pm
- We estimate the additional enforcement will cost \$1M annually to cover the four (4) additional payment hours
  
- \$4.3M Parking Meter Rates & Hours of Operation
  - \$1.95M in additional ticket revenue
  - \$2.35M from meter revenue given increased rates and extended operational hours

